

Message Text

LIMITED OFFICIAL USE

PAGE 01 ADDIS 03416 041311Z
ACTION XMB-04

INFO OCT-01 AF-10 ISO-00 EB-08 TRSE-00 CAB-02 CIAE-00
COME-00 DODE-00 DOTE-00 INR-10 NSAE-00 FAA-00
L-03 /038 W

-----094277 041316Z /46

P 041201Z AUG 78
FM AMEMBASSY ADDIS ABABA
TO SECSTATE WASHDC PRIORITY 9285

LIMITED OFFICIAL USE ADDIS ABABA 3416

E.O. 11652: N/A
TAGS: EAIR, PFOR, EINV, ET
SUBJ: EAL/ EXIM BANK TRANSACTION AMERICAN COMPENSATION CLAIMS

REF: (A) ADDIS ABABA 3124 (B) STATE 195849

1. IT IS INCREDIBLE TO ME THAT WASHINGTON WOULD SEND AN UNCLASSIFIED TELEGRAM, WHICH IS OF COURSE HANDLED HERE BY ETHIOPIANS, ON A SENSITIVE NEGOTIATION SUCH AS THE COMPENSATION OF AMERICAN CITIZENS AND CORPORATIONS, A SUBJECT ON WHICH WE ARE JUST NOW BEING ABLE TO MAKE SOME PROGRESS AFTER THREE AND A HALF YEARS OF STONEWALLING BY THE PMGSE, ALBEIT EVERY NOW AND THEN ACCOMPANIED BY SOME MELIFLUOUS PHRASES AND ASSURANCES. I SHALL, OF COURSE, ABIDE BY THE DEPARTMENT'S DECISION THAT I SHOULD NOT DISCUSS MATTERS WITH EITHER EAL OR THE PMGSE. DOES THE DEPARTMENT EVEN CONSIDER OBJECTIONABLE A BLAND STATEMENT THAT SETTLEMENT OF THE CLAIMS INVOLVING EAL WOULD BE HELPFUL? WASHINGTON SHOULD HOWEVER CONSIDER CAREFULLY WHAT FOLLOWS.

2. EAL HAS MONEY AND ACCESS TO MONEY. IT WANTS SOMETHING FROM THE UNITED STATES. (BOEING REPS TOLD EMBASSY SEVERAL EAL BOEINGS ARE FAST APPROACHING PLANE'S MAXIMUM LIFE OF 60,000 HOURS FLYING TIME, WITH ONE HOLDING WORLD RECORD FOR HOURS IN FLIGHT. HENCE EAL'S URGENCY.) EAL IS TECHNICALLY IN A POSITION
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 ADDIS 03416 041311Z

TO BE ABLE TO SATISFY THE CLAIMS OF AMERICAN CITIZENS AND OF ONE CORPORATION WHOSE PROPERTY AT LEAST INITIALLY IT ACQUIRED. THE COMPENSATION CAN BE CAST IN THE FRAMEWORK OF A BUSINESS TRANSACTION OF MUCH LARGER PROPORTION, THE \$40.1 MILLION BOEING SALE. IT IS A WAY FOR SOME AMERICAN CLAIMANTS CONCEIVABLY TO OBTAIN PROMPT, ADEQUATE AND EFFECTIVE COMPENSATION, STARTING NOW. THERE IS NO NEED FOR THE DEAL TO

BE STRUCTURED AS A LUMP SUM. THE PAYMENTS TO INDIVIDUAL CLAIMANTS CAN BE SEPARATELY IDENTIFIED. THE INDIVIDUAL CLAIMANTS CAN REJECT THE COMPENSATION IF OFFERED AND CONSIDERED UNSATISFACTORY BY THEM.

3. ON THE OTHER HAND, THE PMGSE HAS NO MONEY AND ITS FOREIGN EXCHANGE RESERVES ARE DECLINING AND HEAVILY MORTGAGED TO THE USSR AT LEAST IN THEORY. IT HAS CLAIMS FROM MANY COUNTRIES AND SEVERAL COUNTRIES HAVE SUBSTANTIALLY LARGER, OR EVEN IN THE CASE OF ITALY, AT LEAST TEN TIMES AS LARGE, CLAIMS AS ALL VALID U.S. CLAIMS. IT WILL BE EXTREMELY DIFFICULT FOR ETHIOPIA TO SETTLE ANY U.S. CLAIMS THROUGH THE COMPENSATION COMMISSION AHEAD OF CLAIMS OF OTHER NATIONALS. THE ESSENTIAL ISSUE IS TO STRUCTURE A SERIES OF TRANSACTIONS WHICH DO NOT REPT NOT SET PRECEDENTS. WHATEVER THE PMGSE MAY SAY, IT IS SIMPLY NOT IN A POSITION TO PAY THE EXISTING CLAIMS, AND THE EMBASSY WAS INFORMED BY ONE OF ETHIOPIA'S LEADING ATTORNEYS ON AUGUST 3 THAT THE COURTS HAD JUST HANDED DOWN A JUDGEMENT THAT NO DEPTS OF ANY NATIONALIZED COMPANY WOULD BE HONORED, EVEN WHERE COURTS HAD PREVIOUSLY FOUND IN FAVOR OF THE LITIGANT WHO SOUGHT TO COLLECT WHAT HE WAS OWED. THE LAWYER FOUND THIS JUDGEMENT EXTREMELY PREJUDICIAL TO ANY COMPENSATION AGREEMENT.

4. A STEP BY STEP APPROACH IS THE ONLY ONE AVAILABLE. WE HAVE TRIED FOR YEARS ON GENERAL PRINCIPLES AND ADVANCED EXACTLY LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 ADDIS 03416 041311Z

NOWHERE. DOES WASHINGTON WANT SOME AMERICANS AT LEAST TO HAVE COMPENSATION, IF PROMPT, ADEQUATE AND EFFECTIVE RELIEF CAN NOW BE OBTAINED, OR MUST IT HAVE A WHOLE LOAF OR NOTHING? LET US BE CLEAR WHERE RESPONSIBILITY LIES IF THERE IS NOT PROGRESS.

5. I AM SEEING THE PERMANENT SECRETARY OF THE FINANCE MINISTRY THIS AFTERNOON CONCERNING KALAMAZOO. HE RAISED THE SUBJECT WITH ME AT A FRENCH RECEPTION AND EVIDENTLY HAD RECEIVED THE PROPOSAL BY REFERENCE FROM THE FOREIGN MINISTRY. HE SAID THAT THERE WERE "POSITIVE" ASPECTS TO THE PROPOSAL WHICH IS A GREAT DEAL FOR A FINANCE MINISTRY REPRESENTATIVE OF ANY COUNTRY, ALTHOUGH IN USUAL MINISTERIAL FASHION HE REFERRED VAGUELY TO CERTAIN TECHNICAL PROBLEMS, WHICH FURTHER CONVERSATION ELICITED REFERRED TO TAX LIABILITIES. I EMPHASIZED THE POSITIVE REVENUE, EMPLOYMENT, AND FOREIGN EXCHANGE EARNINGS ASPECTS OF THE PROPOSAL, AND THE CONVERSATION THIS AFTERNOON IS THE RESULT OF HIS DESIRE TO TALK FURTHER. THUS THERE IS PROGRESS. THE ACTING FOREIGN MINISTER CHARACTERIZED THE PROPOSAL AS "GENEROUS", AND THE FINANCE MINISTRY FINDS "POSITIVE" ASPECTS. THE PERMANENT SECRETARY INCIDENTALLY SAID HE HAD BEEN TRYING TO SEE HIS

MINISTER ON THE MATTER, WHICH IS ANOTHER PLUS. THE WELL
INFORMED ITALIAN AMBASSADOR, WHO KNOWS THE PERMANENT
SECRETARY WELL, CONSIDERS "POSITIVE" VERY SIGNIFICANT.
WE SHALL SEE. TIME IS RUNNING OUT AS THE PMGSE WILL DO LITTLE
OR NO WORK BEFORE THE END OF OUR FISCAL YEAR AFTER THE ORGY
OF CELEBRATIONS AND SELF-CONGRATULATION SURROUNDING THE
ANNIVERSARY OF THE REVOLUTION WHICH BEGINS SEPTEMBER 12.
U.S. LAWYERS SHOULD KEEP IN MIND THAT THIS IS A PRIMITIVE
AND RECENTLY FEUDAL COUNTRY DESPITE ITS LONG
RECORDED HISTORY. WE NOTE THAT A LOAN MAY COME UP IN
THE AFRICAN DEVELOPMENT BANK BEFORE TOO LONG.
CHAPIN

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: COMPENSATION, AIRLINES
Control Number: n/a
Copy: SINGLE
Draft Date: 04 aug 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978ADDIS03416
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D780319-0146
Format: TEL
From: ADDIS ABABA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t19780895/aaaadbpi.tel
Line Count: 127
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: c7851d68-c288-dd11-92da-001cc4696bcc
Office: ACTION XMB
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 78 ADDIS ABABA 3124, 78 STATE 195849
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 03 may 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 1828361
Secure: OPEN
Status: NATIVE
Subject: EAL/ EXIM BANK TRANSACTION AMERICAN COMPENSATION CLAIMS
TAGS: EAIR, PFOR, EINV, ET, XMB
To: STATE
Type: TE
vdkgvkey: odbc://SAS/SAS.dbo.SAS_Docs/c7851d68-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014